



PAPER A

Purpose: For Decision

Committee report

Committee	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	22 JULY 2016
Title	ANNUAL REPORT AND ACCOUNTS 2015-16
Report of	Technical Finance Manager

EXECUTIVE SUMMARY

1. The Local Government Pension Scheme (LGPS) Regulations 2013 (the regulations) require that pension funds publish an annual report on or before 1 December each year. The regulations also specify the content of this report.
2. This report presents to the committee the draft annual report and accounts for the Isle of Wight Pension Fund for the year ended 31 March 2016, which is still subject to external audit.
3. The accounts contained within the annual report will form part of the accounts of the Isle of Wight Council, as administering authority for the fund, which will be approved by the Audit Committee in September 2016.
4. Following completion of the audit of the pension fund accounts, the annual report will be published on the council's website.
5. The committee is asked to review the Knowledge and Skills Framework Compliance Statements included at page 47 of Appendix 1 to this report, and confirm their agreement to the statements contained therein concerning committee attendance and training events.
6. The committee is then asked to approve the draft annual report and accounts, subject to the completion of the external audit:
 - (a) The accounts for inclusion in the council's accounts.
 - (b) The annual report and accounts for publication.

BACKGROUND

7. The draft financial result for the pension fund for the year ended 31 March 2015, including investment performance and membership numbers, was presented to the committee in May 2015. This report contains the same information, but presented in accordance with statutory reporting guidelines.
8. Regulation 34 of the regulations covers the requirement for, content of, and publication arrangements for LGPS pension fund annual reports.
9. The fund continues to improve its reporting within the annual report and accounts to ensure increased compliance with these regulations.
10. The annual report and accounts attached to this report as Appendix 1, contains the following information, some of which has already been seen and approved by this committee.

Introductory foreword	
Chairman's introduction to the AGM	To be inserted
Management and financial performance report	
Scheme management and advisers	Same format as previous years
Financial performance	Same format as last year. Includes summary out-turn, membership numbers, and details of employers (membership numbers, contributions paid and late paid contributions) as presented in May 2016
Investment policy and performance report	
Mercer Limited report	Same format as last year. Separate agenda item on this meeting, forming basis of presentation.
Actuarial statement	
Hymans Robertson LLP Report	Same format as last year. Formal report of actuarial position, already summarised in Note 19 to the accounts
Statement of responsibilities for the Statement of Accounts	
Extract from Council accounts	To be inserted. Same format as last year.
Annual accounts	
Fund account Net assets statement Notes to the accounts	Statutory format and content. No major changes to last year's format. Information previously presented in summary at May 2016 meeting. This is the section that will appear in the council's Statement of Accounts
Knowledge and Skills Framework compliance statements	
Report on training undertaken and committee attendance at both	Same format as last year. <i>Not previously presented to the</i>

committee meetings and training sessions.	<i>committee – for approval.</i>
Communications policy statement	Same format as last year. Unchanged since last presented in 2012-13. <i>This will be subject to review by the Pension Board during 2016-17</i>
Governance policy statement	Same format as last year. Unchanged since last presented in 2012-13. <i>This will be the subject of review by the Pension Board in August 2016.</i>
Terms of reference of Pension Fund Committee	
Extract from council's constitution	Approved by Full Council in May 2016
Appendix A – Glossary of terms	Same format as last year
Appendix B – Market value of investments by sector	Similar format as last year (less detail available from fund manager/custodian). Industry breakdown of investments, supplementary to information included in note 16 to the accounts
Appendix C – Statement of investment principles	Same format as last year. Unchanged since last presented in 2013-14 (<i>will be revised as part of the 2016 valuation</i>)
Appendix D – Funding strategy statement	Same format as last year. Unchanged since last presented in 2013-14 (<i>will be revised as part of the 2016 valuation</i>)
Appendix E – Governance compliance statement	Approved by committee in May 2016
Independent auditors report	To be inserted. Pending completion of audit.

STRATEGIC CONTEXT

11. The primary objective of the fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, in accordance with the LGPS regulations and statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.
12. Approval of the fund's draft annual report and accounts, and the overall stewardship of public funds, form an integral part of the fund's corporate governance framework.

KNOWLEDGE AND SKILLS FRAMEWORK COMPLIANCE STATEMENTS

13. This is the third year in which these statements have been included in the fund's annual report.

14. The statements set out the fund's policy for compliance with the CIPFA (Chartered Institute for Public Finance and Accountancy) Code of Practice on Public Sector Pensions Finance Knowledge and Skills, and a report on member and officer training throughout the year.
15. The policy statements are unchanged since last year. The committee is asked to confirm its continuing commitment to these statements.
16. Details of member attendance at training and committee meetings have been taken from the council's intranet pages and minutes of previous committee meetings. The committee is asked to agree the content of the report

FINANCIAL / BUDGET IMPLICATIONS

17. There are no direct financial implications associated with this report.
18. The financial information included in this report was presented in summary at the committee meeting in May 2016. However, on an annual basis it is necessary to produce financial information in this format to comply with external reporting requirements, codes of practice and the specific requirements of the Accounts and Audit (England) Regulations 2015, and with the Local Government Pension Scheme Regulations 2013.

LEGAL IMPLICATIONS

19. The pension fund annual accounts form part of the council's annual statement of accounts. The Accounts and Audit (England) Regulations 2015 require approval of the council's statement of accounts by the council sitting as a whole, or by a committee with delegated powers to make such a decision, no later than 30 September each year.
20. The Local Government Pension Scheme Regulations 2013 require that LGPS funds prepare an annual report, including specified contents, which must be published on or before 1 December each year.
21. The audit of the pension fund accounts has already commenced, and should be substantially complete by the date of this meeting. The external auditors expect to issue their report and opinion on the accounts before 30 September 2016, the statutory date for publication of the council's audited statement of accounts.
22. The independent report of the external auditor on both the council's accounts and the pension fund accounts will be presented to the Audit Committee during September 2016, prior to issue of their final report and audit certificate to be published with the council's statement of accounts.
23. The independent report of the external auditor for the pension fund accounts will be presented to this committee in November 2016, and will be published in the pension fund annual report and accounts before 1 December 2016.

EQUALITY AND DIVERSITY

24. The council has a legal duty under the Equality Act 2010 to seek to eliminate discrimination, victimisation and harassment in relation to age, disability, gender re-

assignment, pregnancy and maternity, race, religion, sex, sexual orientation and marriage and civil partnership.

25. Initial screening has indicated that there are no specific equality and diversity issues arising from the content of this report.

RECOMMENDATION

26. Recommendation 1: to review the Knowledge and Skills Framework compliance statements included at page 47 of Appendix 1 to this report and:
- (a) confirm the committee's continuing commitment to the policy statements;
 - (b) agree the content of the member and officer training report.
27. Recommendation 2: to approve the draft annual report and accounts, subject to the completion of the external audit:
- (a) The accounts for inclusion in the council's accounts.
 - (b) The annual report and accounts for publication

APPENDICES ATTACHED

28. [Appendix 1](#) – Draft Annual Report and Accounts 2014-15

BACKGROUND PAPERS

29. Draft year end results 2015-16 (Pension Fund Committee 20 May 2016, paper C)
<https://www.iwight.com/Meetings/committees/IW%20Pension%20Fund/20-5-16/PAPER%20C.pdf>

Contact Point: Jo Thistlewood, Technical Finance Manager, ☎ 821000
e-mail jo.thistlewood@iow.gov.uk

CHRIS WARD
*Director of Finance
and Section 151 Officer*

CLLR IVOR WARLOW
Chair of Pension Fund Committee